SUPREME COURT, U. S.

FILED

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MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1974

No. 74-1108

REPUBLIC INDUSTRIES, INC.,
Petitioner,

vs.

ELECTRONICS CORPORATION OF AMERICA,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT.

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No. .....

REPUBLIC INDUSTRIES, INC.,

Petitioner,

vs.

ELECTRONICS CORPORATION OF AMERICA,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT.

REPUBLIC INDUSTRIES, INC. prays that a writ of certiorari issue to review the decision of the United States Court of Appeals for the First Circuit entered in this case on January 10, 1975.

OPINIONS BELOW.

The opinion of the United States Court of Appeals for the First Circuit (Appendix A, *infra*, pp. A1-A3) is reported at 507 F. 2d 409. The two opinions of the District Court (Appendix B, *infra*, pp. A6-A12) are not reported.

JURISDICTION.

The final judgment of the Court of Appeals (Appendix A, *infra*, p. A5) was entered January 10, 1975. This Court's jurisdiction is invoked under 28 U. S. C. § 1254(1). The opinion and original judgment of the Court of Appeals were filed and entered on November 27, 1974 (App. A, *infra*, pp. A1-A3). A timely petition for rehearing was denied December 13, 1974 (App. A, *infra*, p. A4).

QUESTION PRESENTED.

Is the right of appeal impaired when Rule 38, F. R. A. P., is interpreted by the Court of Appeals to warrant the imposition on an unsuccessful appellant of a $5,000 penalty, without any finding of bad faith or calculated delay?

STATUTORY PROVISIONS INVOLVED.

Rule 38, F. R. A. P. (28 U. S. C., F. R. A. P. 38):

"If a court of appeals shall determine that an appeal is frivolous, it may award just damages and single or double costs to the appellee."*

STATEMENT.

This is a suit for trademark infringement, jurisdiction being based upon the trademark jurisdiction statute, 28 U. S. C. § 1338, and diversity of citizenship, 28 U. S. C. § 1332. Since 1942 respondent has used the trademark "FIREYE" on furnace controls and since 1951 on fire detectors. In 1971 petitioner

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* Compare 28 U. S. C. § 1912:
"Where a judgment is affirmed by the Supreme Court or a court of appeals, the court in its discretion may adjudge to the prevailing party just damages for his delay, and single or double costs." June 25, 1948, c. 646, 62 Stat. 954.

began use of the mark "FIRE-EYE" on door closers which are activated by fire detectors. The District Court held respondent's trademark valid and infringed (App. B, *infra*, pp. A9-A11). No money judgment was entered, respondent having waived damages (App. B, *infra*, p. A12). An injunction was issued (App. B, *infra*, pp. A11-A12) and was not stayed pending appeal by petitioner. The injunction became effective in accordance with the District Court's judgment (App. B, *infra*, pp. A11-A12).

The Court of Appeals affirmed and imposed a penalty on petitioner of $5,000 counsel fees under Rule 38, F. R. A. P., for a frivolous appeal (App. A, *infra*, p. A5).

The Court of Appeals made no determination or finding that there was bad faith or calculated delay on the appeal (App. A, *infra*, pp. A1-A5).

There was never a contention by respondent that the appeal was frivolous or was taken in bad faith or that a penalty was warranted. The Court of Appeals did not, after briefing, summarily dispose of the appeal by dismissal *sua sponte* on the ground that no substantial question was presented.

The record shows no dilatory tactics and no delay, calculated or otherwise. As stated, there was no money judgment. Petitioner made no request for a stay of the injunction pending appeal, and the injunction was not stayed. The District Court's second judgment was entered July 17, 1974 (App. B, *infra*, p. A9) and the case was argued on appeal on November 6, 1974 (507 F. 2d 409).

The Court of Appeals characterized the appeal as "so lacking in merit" that a Rule 38 penalty was warranted (App. A, *infra*, pp. A3, A4). The Court, however, did not give weight to petitioner's argument that its door closers are expensive goods ($70 to $250 per unit), are not sold in stores, and are selected and specified in written contracts by professionals—independent hardware specification writers or such writers in

architectural offices or contract hardware supply houses. Petitioner relied upon *Clayton-Mark & Company* v. *Westinghouse Electric Corporation* (C. C. P. A., 1966), 356 F. 2d 943, and *Sunbeam Lighting Co.* v. *Sunbeam Corporation* (9 Cir., 1950), 183 F. 2d 969. While the Court below referred to "architect or engineering firms" (App. A, *infra*, p. A3), the Court nevertheless equated petitioner's goods with a bar of soap—an inexpensive item, sold in stores, to casual purchasers. The Court below said (App. A, *infra*, p. A3; 507 F. 2d 410, Footnote 2):

> "Defendant asked the court to rule that it could continue to use both words together [Division name Dor-O-Matic and FIRE-EYE], provided that there was a sufficiently apparent connection. We hardly think Procter & Gamble would look with equanimity on Colgate's selling IVORY SOAP, even if Colgate's name appeared thereon. See, also, *A. T. Cross Co.* v. *Jonathan Bradley Pens, Inc.*, 2 Cir., 1972, 470 F. 2d 689, 692."*

REASONS FOR GRANTING THE WRIT.

1. The Decision Below Is in Conflict with the Decisions of Other Courts of Appeals.

The Second Circuit Court of Appeals, for a penalty under Rule 38, requires "a clear showing of bad faith," *State of West Virginia* v. *Charles Pfizer & Co.*, 440 F. 2d 1079, 1092 (1971), *cert. den.* 404 U. S. 871; *Fluoro Electric Corp.* v. *Branford Associates*, 489 F. 2d 320, 326 (1973), or "calculated delay" which is a form of bad faith, *Oscar Gruss & Son* v. *Lumbermens Mutual Casualty Co.*, 422 F. 2d 1278, 1283 (1970); *Posi-Seal International, Inc.* v. *Chipperfield*, 457 F. 2d 237, 239 (1972).

The Tenth Circuit Court of Appeals requires that the appeal be "for the obvious purpose of delay." *Carlock* v. *National Co-operative Refinery Association*, 424 F. 2d 148, 152 (1970).

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* The *Cross* case involved pen and pencil sets, another cheap consumer item, sold in stores to casual purchasers.

Compare *Clarion Corp.* v. *American Home Products Corp.*, 494 F. 2d 860, 865-66 (7th Cir., 1974) where the appeal was "obstructive."

In a series of recent NLRB cases, the First Circuit Court of Appeals has imposed sanctions under Rule 38 on the employer, apparently because the Court concluded that the purpose of the employer's appeal was to delay enforcement of the Board's order: *NLRB* v. *Smith & Wesson*, 424 F. 2d 1072 (1970); *NLRB* v. *United Shoe Machinery Corporation*, 445 F. 2d 633 (1971); *General Tire & Rubber Co.* v. *NLRB*, 451 F. 2d 257 (1971); *NLRB* v. *Hijos De Ricardo Vela, Inc.*, 475 F. 2d 58 (1973); *NLRB* v. *Bedford Discounters, Inc.*, 484 F. 2d 923 (1973). However, in these decisions the Court has not set forth guidelines that will assist an unsuccessful District Court litigant in determining what risks of penalty he takes if he appeals to the First Circuit Court of Appeals. In these cases, the Court has merely emphatically disagreed with the appellant. The First Circuit Court of Appeals has also utilized F. R. A. P. Rule 38 or § 1912 in true "bad faith" cases. See *Griffin Wellpoint Corp.* v. *Munro-Langstroth, Inc.*, 269 F. 2d 64 (1959) and *Panagopolous* v. *Immigration and Naturalization Serv.*, 434 F. 2d 602 (1970). But in these decisions the Court has laid down no guidelines which will enable a prospective appellant to measure his risk. The above mentioned cases provides only the vaguest of lines between what is frivolous and what is non-frivolous. The Court did not help matters by providing in the instant case a further, most subjective test of what is or is not "enough even to arouse our interest" (App. A, *infra*, p. A4).

In the case at bar, it is submitted that it was not frivolous to argue to the Court below the application of the trademark principles set out in *Clayton Mark & Company* v. *Westinghouse Electric Corporation* (C. C. P. A., 1966), 356 F. 2d 943. The facts here are that petitioner's door closers are expensive, are not sold in stores, are selected by professional buyers, are made

only to order, and, in permutations of voltages, degrees of opening, axes of hinging, etc., exist in many different models, the selection of which requires special knowledge.

In *Clayton Mark*, the trademark *Mark* for electrical conduits and *Mark 75* for circuit breakers were held not to be likely to cause confusion even though the goods "may be bought from the same distributors, used by the same contractors, in the same structure, and included in the same specification sheets" (p. 944). The decision was bottomed primarily on the fact that professional buyers of expensive goods were involved. At page 944, the Court, speaking through Judge Rich, said:

> "The price range of 'MARK 75' circuit breakers is from $40 to $600. They are not sold in stores. The line contains between 150 and 160 different styles only 20 to 25 of which are stocked, the rest being manufactured only to order. A highly trained electrical engineer, not a mere electrician, is required to select the proper circuit breaker for the particular installation. Being more expensive than ordinary circuit breakers, it would appear that 'MARK 75' breakers would not be used if ordinary breakers would be adequate. Purchase of 'MARK 75' breakers would therefore be on a very discriminating basis, by persons who not only know what they are buying and why but who is producing it. We think it highly improbable that a buyer of a 'MARK 75' breaker would not know it was a Westinghouse product."

The end user in the *Clayton-Mark* case, as here, ultimately foots the bill, but the Court in *Clayton-Mark* had no difficulty in identifying the engineer as the real "purchaser".

With respect to the use by the parties of "a house designation", the Court in *Clayton Mark* further said (p. 944):

> "The record shows that opposer uses 'MARK' as a house designation, the way Westinghouse uses the dominant portion of its corporate name, on conduits of various types bearing the designations 'ELECTRICTUBE,' 'GALVAKOTE,' 'HOTKOTE,' and 'ENAMELKOTE.' Its advertising features these products collectively as 'MARK Conduit'

> but also prominently associates with the above type designations its company name as 'Clayton Mark & Co.' We believe that in general purchasers of 'MARK Conduit' would be aware of the fact that it comes from a company named Mark and not Westinghouse."

Urging the application of the trademark principles set out in *Clayton Mark* to the facts at bar was not frivolous. The Court below was in error in equating petitioner's door closers with a bar of soap.

The decision below is in conflict with the decisions of other Courts of Appeals and places a severe cloud on the right to appeal. An unsuccessful litigant in the District Court may appeal only at the risk of a heavy penalty if the appellate panel, following the decision below, perhaps through misapprehension, disagrees with his contentions and characterizes them as "frivolous". The litigant has no guidelines to estimate his risks. This Court should specify the guidelines for the imposition of a penalty under Rule 38. Petitioner's research indicates that this Court has not considered Rule 38.

2. The Decision Below Calls for an Exercise of This Court's Power of Supervision.

The tests laid down by the Second Circuit Court of Appeals for sanctions under Rule 38 are proper and should be established as guidelines by this Court. This Court has recognized the long-established American rule that the penalty of attorney fees will not ordinarily be imposed on a losing litigant because he lost. In *Fleischmann Distilling Corp.* v. *Maier Brewing Co.*, 386 U. S. 714 (1967), this Court said (pp. 717-18):

> "The rule here has long been that attorney's fees are not ordinarily recoverable in the absence of a statute or enforceable contract providing therefor. * * * In support of the American rule, it has been argued that since litigation is at best uncertain one should not be penalized for merely defending or prosecuting a lawsuit, and that the poor

> might be unjustly discouraged from instituting actions to vindicate their rights if the penalty for losing included the fees of their opponents' counsel. Cf. Farmer v. Arabian American Oil Co. 379 U. S. 227, at 235, 13 L. Ed. 2d 248, at 254, 85 S. Ct. 411 (1964); Id., at 236-239, 13 L. Ed. 2d at 255-257 (concurring opinion of Mr. Justice Goldberg.)"

In *Farmer* v. *Arabian American Oil Co.*, 379 U. S. 227 (1964), this Court said (p. 235):

> "Items proposed by winning parties as costs should always be given careful scrutiny. Any other practice would be too great a movement in the direction of some systems of jurisprudence that are willing, if not indeed anxious, to allow litigation costs so high as to discourage litigants from bringing lawsuits, no matter how meritorious they might in good faith believe their claims to be."

It is submitted that this Court should establish the policy now followed by the Second Circuit Court of Appeals that the imposition of sanctions under Rule 38 is "highly unusual and requires a clear showing of bad faith. . . ." (*State of West Virginia* v. *Charles Pfizer & Co.*, 440 F. 2d 1079, 1092); or a showing of "calculated delay" (*Fluoro Electric Corp.* v. *Branford Associates*, 489 F. 2d 320, 326).

CONCLUSION.

The decision below is in conflict with decisions of other courts of appeals. It raises a substantial question of federal appellate procedure which should be decided by this Court.

The petition for certiorari should be granted.

Respectfully submitted,

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APPENDIX A.

UNITED STATES COURT OF APPEALS,
For the First Circuit.

No. 74-1274.

ELECTRONICS CORPORATION OF AMERICA,
Plaintiff-Appellee,

vs.

REPUBLIC INDUSTRIES, INC.,
Defendant-Appellant.

Appeal from the United States District Court
for the District of Massachusetts.

Before COFFIN, *Chief Judge,*
ALDRICH and MCENTEE, *Circuit Judges.*

William E. Lucas, with whom *Howard H. Rogers, Grandolph & Rogers, Davis, McCaleb & Lucas, Michael J. Liston,* and *Newman, Meserve, King & Romero* were on brief, for appellant.

W. R. Hulbert, with whom *Frank P. Porcelli* and *Fish & Richardson* were on brief, for appellee.

November 27, 1974.

PER CURIAM. This appeal by a defendant found to have infringed a trademark raises no significant questions, and only a short opinion is called for. Plaintiff for some decades has

owned a duly registered mark, FIREYE, embellished with a couple of zigs. Defendant, refused registration of FIRE-EYE, with zags, nevertheless adopted it. Plaintiff manufactures, with national and foreign distribution, sensing devices that detect, warn against, and control malfunctioning fires in furnaces ("friendly fires"), and devices that detect and warn against undesired smoke, notably in air conditioning systems. It has manufactured in the past, and is about to resume manufacturing, devices for unfriendly fires. Defendant manufactures door-closing devices to protect against unfriendly fires. Defendant's structures incorporate sensing devices for fire and smoke. Defendant asserts that it acted in good faith, a self-assumed accolade,[1] and that plaintiff's trademark is weak, whatever that may mean in the present context. The court made no such finding. Plaintiff's mark is not comparable with the truly weak marks that defendant cites. FIREYE is not an actual word. Neither is it merely descriptive; there is no true eye. Plaintiff has made a strong showing of public recognition, both of its mark, and of its reputation.

The court found,

> "Because of the similarity of the names, and the close relationship of the respective products, however, I find that the continued use by the defendant of the designation 'FIRE-EYE' for its fire and smoke activated automatic door closers is likely to cause confusion between its product and the plaintiff's product and to deceive purchasers as to the source and origin of the defendant's product."

Defendant's appeal is basically an attempt to discredit this finding.

It is true that plaintiff failed to establish confusion in fact. However, it showed that the industries were closely allied; that defendant used sensors, and that many ultimate users pur-

1. Without intending any pun, defendant clearly went into this with its eyes open.

chased the products of both. Confusion as to source could well occur. The court was warranted in finding that this was not negatived by the fact that defendant also used its trade-name DOR-O-MATIC in some connection with FIRE-EYE; the more particularly since the conjunction and emphasis was subject to considerable fluctuation.[2]

Defendant's principal contention is that its product is normally chosen for the ultimate user by independent specialists—architect or engineering firms—who are too sophisticated to be confused as to the source. That issue was extensively explored below. The sophistry is on defendant's part. Plaintiff showed that defendant directed much advertising to ultimate users. As the court aptly, and conclusively, remarked, "Sales follow advertising, or advertising would cease." We need not analyze why defendant thought good will of the ultimate consumer was valuable. The fact is, it did.

Defendant told the court below that "Plaintiff doesn't really believe what they are telling your Honor." Regardless of what may be defendant's own belief on this appeal, we consider the appeal to be so lacking in merit that appellee should recover costs in this court to include reasonable counsel fees.

Affirmed.

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2. Defendant asked the court to rule that it could continue to use both words together, provided that there was a sufficiently apparent connection. We hardly think Procter & Gamble would look with equanimity on Colgate's selling IVORY SOAP, even if Colgate's name appeared thereon. *See, also, A. T. Cross Co.* v. *Jonathan Bradley Pens, Inc.*, 2 Cir., 1972, 470 F. 2d 689, 692.

UNITED STATES COURT OF APPEALS,
For the First Circuit.

No. 74-1274.

ELECTRONICS CORPORATION OF AMERICA,
Plaintiff-Appellee,

vs.

REPUBLIC INDUSTRIES, INC.,
Defendant-Appellant.

Before COFFIN, *Chief Judge,*
ALDRICH and MCENTEE, *Circuit Judges.*

Memorandum and Order
Denying Appellant's Petition for Rehearing.

Entered December 13, 1974.

PER CURIAM. In objecting to our order taxing counsel fees as costs appellant correctly interprets our statement that the appeal was "so lacking in merit" as a reference to F. R. A. P. 38. The petition for rehearing is denied. Appellant was faced not only with the substantial differences between the case at bar and the two cases upon which it principally relied, clearly pointed out in the language of the opinions,* but with the burden of showing that the district court's findings were plainly wrong. Appellant did not offer enough even to arouse our interest.

What is a reasonable fee we will determine after hearing from appellant.

By the Court:
Clerk.

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* *Inter alia,* that plaintiffs marks there were in broad, general use, and were non-fanciful.

UNITED STATES COURT OF APPEALS,
For the First Circuit.

No. 74-1274.

ELECTRONICS CORPORATION OF AMERICA,
Plaintiff-Appellee,

vs.

REPUBLIC INDUSTRIES, INC.,
Defendant-Appellant.

Supplemental Order
Entered January 10, 1975.

PER CURIAM. Pursuant to our order awarding a reasonable counsel fee to the successful appellee, appellee has submitted a statement as to hours spent and the billable charges of the personnel involved in writing its substantial brief, as a result of which it seeks $9,000. We do not minimize the quality of the work, the importance of the case, or the ability of the client to pay. It is no answer that we found the appeal entirely lacking in merit—an appellant cannot be heard to criticize an appellee for taking the case seriously. At the same time, we recognize that there may be a considerable difference between what is a reasonable fee for a judicial award, and what may well be reasonable and proper as between counsel and client. *Cf. Farmington Dowel Products Co.* v. *Forster Mfg. Co.*, 1 Cir., 1970, 421 F. 2d 61. We have in mind that, in part, at least, a fee award is in the nature of a penalty. The clerk is directed to tax costs on account of counsel fees in the amount of $5,000.

By the Court:
/s/ DANA H. GALLUP,
Clerk.

APPENDIX B.

UNITED STATES DISTRICT COURT,
District of Massachusetts.

ELECTRONICS CORPORATION OF AMERICA,
Plaintiff,
vs.
REPUBLIC INDUSTRIES, INC.,
Defendant.

Civil Action
No. 71-1485-S.

MEMORANDUM.

FINDINGS OF FACT.

June 27, 1974.

SKINNER, *D.J.*

1. The Statement of Agreed Facts and the supplement thereto filed by the parties is hereby incorporated by reference and adopted as findings of fact by the Court, in addition to the following.
2. The plaintiff used the trademark "fireye" for detection devices for "unfriendly" fires until 1967, when sales of the FD 10 and FD 20 line was discontinued. The sale of these lines were discontinued because of changes in fire prevention codes in the United States and later in Europe. From 1968 through 1970 the plaintiff engaged in extensive market research with respect to an improved line of fire detection devices. The market having been established to its satisfaction, it has since engaged in the development of a fire detection system that would meet all of the codes

in the world. It expects to market such a system in 1975. I find that the plaintiff has never abandoned the application of its "fireye" trademark to devices for the detection of "unfriendly" fires.

3. Plaintiff's products are listed in jobber's catalogues under the heading "fireye" rather than under the corporate name, and are referred to in technical articles by that name. Mail is received addressed to Fireye, and in the trade, the company itself is known as Fireye. I find that the trademark has been substantially identified with the plaintiff and its products.

4. The plaintiff's product operates by a cell sensitive to various types of radiation connected to an electrical circuit, an electronic amplifier of the signal thus produced, and a warning or shut-off device. It is not an eye and it does not see. While the trademark is a variant on the use of the term electric eye to designate similar devices, and consequently exhibits only a modest level of fanciful imagination, it is not descriptive.

5. The plaintiff and the defendant sell through different channels, but to many of the same ultimate users. Many of the targets of their advertising, direct mailing and salesmen's solicitations are the same people. Many, but not all of these prospective purchasers are sophisticated, trained purchasing agents. Some are maintenance superintendents in schools, hospitals and industrial installations.

6. The defendant uses its designation "Fire-Eye" prominently in its advertising and on its packaging. On some of the packaging, the accompanying identification "Door-a-matic" is relatively obscure.

7. There was no evidence of any actual confusion between the products on the part of persons likely to purchase either or both.

8. Because of the similarity of the names, and the close relationship of the respective products, however, I find that

the continued use by the defendant of the designation "Fire-Eye" for its fire and smoke activated automatic door closers is likely to cause confusion between its product and the plaintiff's product and to deceive purchasers as to the source and origin of the defendant's product.

CONCLUSION.

Consequently, I find that the defendant's use of the designation "Fire-Eye" is an infringement of the plaintiff's trademark. The plaintiff has waived its claim for an accounting and for damages. It is entitled to an injunction. 15 U. S. C., Section 1114. The plaintiff shall have ten days to file a proposed order, and the defendant shall have ten days thereafter to object thereto.

/s/ WALTER JAY SKINNER,
U. S. District Judge.

UNITED STATES DISTRICT COURT,
District of Massachusetts.

ELECTRONICS CORPORATION OF AMERICA,
Plaintiff,
vs.
REPUBLIC INDUSTRIES, INC.,
Defendant.

Civil Action No. 71-1485-S

MEMORANDUM.

FINDINGS, RULING AND ORDER.

July 17, 1974.

SKINNER, *D.J.*

1. The Statement of Agreed Facts and the supplement thereto filed by the parties is hereby incorporated by reference and adopted as findings of fact by the Court, in addition to the following.
2. The plaintiff is the owner of the trademark "FIREYE", first used by plaintiff in the year 1942, and of the United States Registration thereof No. 402,580, and Commonwealth of Massachusetts Registration Nos. 22,082 and 25,002. Said trademark and the registrations thereof are good and valid at law.
3. The plaintiff used the trademark "FIREYE" for detection devices for "unfriendly" fires until 1967, when sales of the FD 10 and FD 20 line was discontinued. The sale of these lines were discontinued because of changes in fire prevention codes in the United States and later in Europe. From 1968 through 1970 the plaintiff engaged in extensive

market research with respect to an improved line of fire detection devices. The market having been established to its satisfaction, it has since engaged in the development of a fire detection system that would meet all of the codes in the world. It expects to market such a system in 1975. I find that the plaintiff has never abandoned the application of its "FIREYE" trademark to devices for the detection of "unfriendly" fires.

4. Plaintiff's products are listed in jobber's catalogues under the heading "FIREYE" rather than under the corporate name, and are referred to in technical articles by that name. Mail is received addressed to Fireye, and in the trade, the company itself is known as Fireye. I find that the trademark has been substantially identified with the plaintiff and its products.
5. The plaintiff's product operates by a cell sensitive to various types of radiation connected to an electrical circuit, an electronic amplifier of the signal thus produced, and a warning or shut-off device. It is not an eye and it does not see. While the trademark is a variant on the use of the term electric eye to designate similar devices, and consequently exhibits only a modest level of fanciful imagination, it is not descriptive.
6. The plaintiff and the defendant sell through different channels, but to many of the same ultimate users. Many of the targets of their advertising, direct mailing and salesmen's solicitations are the same people. Many, but not all of these prospective purchasers are sophisticated, trained purchasing agents. Some are maintenance superintendents in schools, hospitals and industrial installations.
7. The defendant uses its designation "FIRE-EYE" prominently in its advertising and on its packaging.
8. There was no evidence of any actual confusion between the products on the part of persons likely to purchase either or both.

9. Because of the similarity of the names, and the close relationship of the respective products, however, I find that the continued use by the defendant of the designation "FIRE-EYE" for its fire and smoke activated automatic door closers is likely to cause confusion between its product and the plaintiff's product and to deceive purchasers as to the source and origin of the defendant's product.

CONCLUSION.

Consequently, I find that the defendant's use of the designation "FIRE-EYE" is an infringement of the plaintiff's trademark. The defendant has within the District of Massachusetts and elsewhere infringed upon said trademark and registrations thereof by selling, offering for sale, distributing and advertising door closers marked "FIRE-EYE", in violation of the United States Trademark Act of 1946, 15 U. S. C. 1114(1), and of Massachusetts General Laws, Chapter 110, Section 7A (repealed as of April 1, 1974) and Chapter 110B, Sections 11 and 12 (effective April 1, 1974). The plaintiff has waived its claim for an accounting and for damages. It is entitled to an injunction. 15 U. S. C., Section 1114.

Accordingly, it is ORDERED, ADJUDGED and DECREED:

1. That on and after November 15, 1974, defendant and its officers, agents, servants, employees and attorneys, shall be and hereby are perpetually restrained and enjoined from using any reproduction, counterfeit, copy, or colorable imitation of plaintiff's said trademark, and especially from using or seeking to register the term FIRE-EYE or the word FIREYE or any phonetic equivalent or other colorable imitation thereof, in connection with the sale, offering for sale, distribution or advertising through defendant's DOR-O-MATIC Division or otherwise of any smoke or fire activated door

closer or other door control, or any electrical apparatus comprising, employing, for use with, or including as any part thereof, a fire, heat, smoke, ionization or other combustion detector or a combustion control; or any other product on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

2. That defendant Republic Industries, Inc., shall deliver up to plaintiff forthwith all plates, molds, matrices and other means of printing the infringing mark, and the defendant shall promptly after November 15, 1974, destroy all remaining labels, signs, prints, packages, wrappers, receptacles and advertisements in its possession bearing the infringing mark, and shall report to plaintiff's attorney such destruction.
3. That plaintiff shall recover only its costs in this action to be assessed by the Clerk, any accounting for profits and damages having been waived by plaintiff.

/s/ WALTER JAY SKINNER,
U. S. District Judge.

APR 7 1975
MICHAEL RODAK, JR., CLER

IN THE

Supreme Court of the United States

OCTOBER TERM, 1974

No. 74-1108

REPUBLIC INDUSTRIES, INC.,
Petitioner,

vs.

ELECTRONICS CORPORATION OF AMERICA,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1974

No. 74-1108

REPUBLIC INDUSTRIES, INC.,
Petitioner,

vs.

ELECTRONICS CORPORATION OF AMERICA,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Wholly apart from a fatal procedural defect,[1] the petitioner would have this Court divert its time and resources from considering important matters to determining whether the Court of Appeals should have penalized an appellant by imposing counsel fees for taking up its time

[1] Petitioner, in violation of this Court's Rule 23(1)(a), has failed to include in its appendix the Statement of Agreed Facts (May 24, 1974) and supplement thereto (June 24, 1974) expressly "*incorporated by reference* and adopted as findings of fact by the [District] Court" in Paragraph 1 of its two brief memorandum opinions (Pet. A6-12), and without which those memoranda cannot meaningfully be read. The Petition should be summarily denied for this reason alone pursuant to Supreme Court Rule 23(4), since petitioner's omission constitutes a total failure to present "whatever is essential to a ready and adequate understanding of the points requiring consideration".

and resources by a frivolous appeal from a District Court decision in an action that should have been unnecessary in the first place. The decisions relied on by petitioner, far from signalling a conflict between the First and Second Circuits on the meaning of "frivolous" in Rule 38, F.R.A.P., show not only that there is harmony, but also that the Second Circuit expressly has followed the First in interpreting the Rule, as petitioner would have discovered by even elementary research. If that Rule so interpreted is invalid because it will discourage appeals in cases like this, so too is this Court's similar rule on groundless petitions,[2] unmentioned by petitioner. How else are busy Courts to protect themselves from reckless litigants with meritless cases taking their limited time away from issues of substance?

COUNTERSTATEMENT OF THE CASE

Petitioner might have argued that its omission of the Statement of Agreed Facts and supplement thereto, both part of the District Court's opinions, as noted above, was inadvertent and harmless, were it not for the fact that petitioner's STATEMENT (Pet. 2-4) likewise omits material facts contained in these omitted documents. Thus petitioner states only that respondent (hereinafter "ECA") adopted FIREYE in 1942 for furnace controls, and in 1951 for fire detectors, and that petitioner (hereinafter "Republic") first used the virtually identical "FIRE-EYE" on door closers activated by fire detectors in 1971. Republic would have this Court believe its conduct was innocent throughout, and trumpets the contention that no one ever accused it of being in "bad faith" (Pet. 3). Yet it fails to

[2] Rule 56(4) (". . . there appears to be no ground for granting such a writ . . .").

mention the following: In 1967, Republic requested a trademark search on FIRE-EYE for fire or smoke activated door closers (TX-55)[3], and, as a result, received an opinion letter from its attorney[4] warning of ECA's FIR-EYE and commenting that ECA "might be able to stop you" (TX-54). In 1968, the U. S. Patent Office rejected Republic's first trademark application for FIRE-EYE for fire detection equipment on the ground that the mark was confusingly similar to ECA's FIREYE registration.[5] Undaunted, Republic abandoned the FIRE-EYE application, and simply refiled it in early 1971 in a different patent office class for electrically operated hydraulic door controls, but again was rejected on ECA's FIREYE, and again abandoned the application.[6] As if a warning from its own attorney and two warnings from the U.S. Patent Office were not enough, Republic received a fourth warning from ECA's attorney later in 1971.[7] Yet all warnings went unheeded, suit had to be brought, trial was held three years later, and three days after trial the District Judge confirmed the unheeded warnings: ECA's trademark was valid and infringed. Incredibly, Republic turned a deaf ear even to the District Court's decision, for at a post-trial hearing, supposedly limited to the scope of the injunction, Republic's counsel attempted to relitigate the correctness of the basic

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[3] TX refers to the Trial Exhibits in the District Court.

[4] Statement of Agreed Facts, Par. 15 (hereinafter "AGREED FACTS").

[5] Agreed Facts, Par. 16.

[6] Agreed Facts, Par. 18. It was to these rejections by the Patent Office that the Court of Appeals referred when it stated: "Defendant, refused registration . . . nevertheless adopted it [FIRE-EYE]". Pet. A2.

[7] Agreed Facts, Par. 19.

findings of infringement,[8] to which the Court conclusively replied, ". . . FIRE-EYE has got to go."[9]

Having taken what can only be viewed as a dangerous gamble in chancing to use FIRE-EYE, Republic lost. It should have stopped there, but chose to appeal. The appeal was grounded essentially on two legal authorities, both of which were so easily distinguishable from the case at hand that Republic has yet to attempt to answer the distinctions,[10] and on the legal argument from these authorities that its customers are so sophisticated that they could not be confused by the use of identical trademarks on related products sold by different companies. Even if the argument had merit, the facts in the record did not support its application to the case.[11] Republic, in effect, was arguing an imaginary case. The Court of Appeals saw what Republic was trying to do, and assessed damages pursuant to Rule 38 of the Federal Rules of Appellate Procedure. Having at long last conceded the merits of the trademark issues, Republic in effect asks this Court to review a finding by the First Circuit that Republic's appeal to that court was "frivolous" pursuant to F.R.A.P. 38.

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[8] Appendix for Defendant — Appellant, pp. 184-193.

[9] Id., p. 193.

[10] The Court of Appeals remarked, "Plaintiff's mark is not comparable with the truly weak marks that defendant cities." Pet. A2. See also the Court's further comment about "the substantial differences between the case at bar and the two cases". Pet. A4.

[11] Republic's sales pitch was aimed squarely at the relatively unsophisticated end users — hospitals, schools, nursing homes, and the like. Appendix for Defendant-Appellant, pp. 155-159, 169, and 189-191.

REASONS FOR DENIAL

I. SUPERVISION OF THE APPLICATION OF F.R.A.P. 38 IS UNNECESSARY

Petitioner argues that F.R.A.P. 38, providing damages to appellee for a "frivolous" appeal to a Court of Appeals, is in need of guidelines. The argument is both factually and legally unsound.

Petitioner implies that the concept of a frivolous appeal is newborn with the July 1, 1968 effective date of F.R.A.P. 38. Hardly so; the concept of a frivolous appeal is an old and well established one. This Court has already determined in at least four different instances that an appeal or writ addressed to it was frivolous. *Roe* v. *Kansas,* 278 U.S. 191 (1929); *Slaker* v. *O'Connor,* 278 U.S. 188 (1929); *Wagner Co.* v. *Lyndon,* 262 U.S. 226, 231-234 (1923); and *Deming* v. *Carlisle Packing Co.,* 226 U.S. 102, 105-110 (1912).[12]

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[12] In each opinion the Court awarded damages for delay pursuant to variants of R.S. §1010 and 28 U.S.C. §878, the predecessors to 28 U.S.C. §1912, which provides:

> "Where a judgment is affirmed by the Supreme Court or a court of appeals, the court in its discretion may adjudge to the prevailing party just damages for his delay, and single or double costs."

Although F.R.A.P. 38 does not require a showing of delay, what this Court thought was frivolous in that statutory context is *a fortiori* applicable in the context of the Rule. The Court need not belabor what frivolous means. Indeed, certiorari has been denied in three cases within the last fifteen years in which petitioners sought review, inter alia, of an award of damages based on the finding that their appeal to the Circuit Court of Appeals was frivolous, the last of which was made under F.R.A.P. 38: *Ginsburg* v. *Stern,* 295 F.2d 698 (3 Cir. 1961), cert. den'd 368 U.S. 987 (1962); *Dunscombe* v. *Sayle,* 340 F.2d 311 (5 Cir. 1965), cert. den'd 382 U.S. 814 (1965); and *Clarion Corp.* v. *American Home Products Corp.,* 494 F.2d 860 (7 Cir. 1974), cert. den'd 419 U.S. 870 (1974).

In *Roe* v. *Kansas*, supra, the Court found little merit in the plaintiff in error's constitutional attack on a state statute condemning places of unusual historical interest. In assessing a penalty and costs, the Court stated (p. 192):

> "The alleged grounds [for the writ of error] are so lacking in substance that they may be properly designated as frivolous."

Lower federal courts have long known what a frivolous appeal is. In *Cash* v. *United States*, 261 F.2d 731 (C.A.D.C. 1958), vacated on other grounds 357 U.S. 219 (1958), the Court, applying a federal statute on *in forma pauperis* appeals,[13] pointed out (pp. 735-6):

> " 'Frivolous' has a colloquial meaning of trifling or silly. It also has *an established meaning in law, when applied to appeals, of 'manifestly insufficient or futile',[7] 'without merit and futile'.*[8] In the sense of being silly or trivial these petitions are never frivolous in the mind of the petitioner. Often, however, they are frivolous in the legal sense, in the sense of being 'without merit and futile'.
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> • • •
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> "In this [legal] sense 'frivolous' means *without any realistic chance of success on the merits, without an issue warranting consideration by the appellate court, or without substantiation in the record.*"[14]

"7. Oxford English Dictionary (1933); Bouvier, Law Dictionary (3d rev. ed. 1914).

8. [Citations omitted.]"

The enactment of F.R.A.P. 38 thus presents no new question of construction. Indeed, had petitioner, instead of bemoaning any lack of "guidelines" (Pet. 7), taken the trouble

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[13] 28 U.S.C. §1915(a), 62 Stat. 954 (1948).

[14] Emphasis ours unless otherwise noted. Footnotes omitted except for notes 7 and 8.

to present to the Court the Advisory Committee's Note to Rule 38, the purpose and legislative background of the Rule would have been clear. That Note states:

> "Compare 28 USC §1912. While both the statute and the usual rule on the subject by courts of appeals (Fourth Circuit Rule 20 is a typical rule) speak of 'damages for delay,' the courts of appeals *quite properly allow damages, attorney's fees and other expenses incurred by an appellee if the appeal is frivolous without requiring a showing that the appeal resulted in delay.* See Dunscombe v. Sayle, 340 F.2d 311 (5th Cir. 1965), cert. den., 382 U.S. 814, 15 L Ed 2d 62 (1965); Lowe v. Willacy, 239 F.2d 179 (9th Cir. 1956); Griffin Wellpoint Corp. v. Munro-Langstroth, Inc., 269 F.2d 64 (1st Cir. 1959); Ginsburg v. Stern, 295 F.2d 698 (3rd Cir. 1961). • • • *[D]amages are awarded by the court in its discretion in the case of a frivolous appeal as a matter of justice to the appellee and as a penalty against the appellant.*"

The Rule recognizes that a meritless appeal unnecessarily burdens both the court and the appellee, regardless of whether appellant has sought a stay of any judgment below against him (the purported "delay" of the statute). Petitioner's suggestion that an important question is involved here is simply the result of its failure to do any elementary research into the history of the Rule or the precedents interpreting "frivolous" appeals.

As to Republic's claim that the right of appeal is impaired because a court of appeals may penalize an appellant simply because the court disagrees with him, characterizing his contentions as "frivolous" (Pet. 7), Republic has not shown even one instance in which this has ever occurred. If a court of appeals had ignored the well settled legal meaning of "frivolous", such an abuse would not warrant throwing out the Rule or discarding the "fri-

volous" standard, though the court's action should be corrected. The judicial system depends on the good faith and wisdom of courts in applying statutes and rules properly without distortion of their intended meaning, and Republic has presented nothing to make this Court believe that Rule 38 has not been so applied.

Republic's implicit assumption that the Court of Appeals simply disagreed with it in this case is a gross misinterpretation of what the Court of Appeals said and a gross overestimation of the merit of both Republic's defense in the District Court and its case on appeal.

In the broader context of any statute or rule assessing damages or counsel fees against an unsuccessful litigant (compare the patent provisions, 35 U.S.C. §§284, 285, the general provisions, 28 U.S.C. §§1912, 1927, and the rule as to petitions for certiorari, Supreme Court Rule 56(4)), a litigant and his attorney must be prepared to exercise care in deciding whether or not to press litigation. Yet no one, to our knowledge, has successfully argued that such statutes impair the right to resort to the courts or to appeal. We are aware of this Court's stated policy against freely awarding attorney's fees to successful litigants. *Fleischmann Corp.* v. *Maier Brewing,* 386 U.S. 714 (1967). Yet the Second Circuit has expressly held that the discretionary power of a court of appeals under F.R.A.P. 38 to award damages and costs is not limited by *Fleischmann. Fluoro Electric Corporation* v. *Branford Associates,* 489 F.2d 320, 326 (1973) ("[*Fleischmann*] has no relevance here").[15] The alleged impairment of right to appeal is a

[15] Nor does *Fleischmann* have relevance to federal trademark infringement actions anymore, since, effective January 2, 1975, §35 of the Lanham Act, 15 U.S.C. §1117, has been amended by addition of the following at the end thereof:

"The Court in exceptional cases may award reasonable attorney fees to the prevailing party."

sham. What Republic really seeks is a sympathetic reversal of an exercise of discretion by the First Circuit.

II. COURTS OF APPEALS NOT IN CONFLICT

Republic has scanned a few Courts of Appeals opinions, and in the Petition magnified semantic differences therein into "conflicts", especially between the First and Second Circuits (Pet. 4-7).

It says that the Second Circuit requires a finding of "bad faith" or "calculated delay" before damages will be awarded under F.R.A.P. 38, and that this is a different and stricter test than that of the First Circuit. That might be a conflict if it were true, but the Second Circuit itself sees no conflict between its construction of Rule 38 and that of the First Circuit. Thus in the Second Circuit's most recent, thoughtful, and extensive application of Rule 38, *Fluoro Electric Corporation* v. *Branford Associates,* 489 F.2d 320, 326 (1973), the Court relied heavily on a leading First Circuit opinion on Rule 38, *National Labor Relations Board* v. *Smith & Wesson,* 424 F.2d 1072, 1073 (1970). The following language of the Court makes plain that petitioner's "conflict" was concocted (p. 326):

> "Rule 38 is not premised on a showing of delay in prosecuting an appeal[16] . . . . Rather the determination is one of doing justice between the parties, of penalizing a party for unnecessarily wasting the time and resources of the court. *NLRB* v. *Smith & Wesson,* 424 F.2d 1072 (1st Cir., 1970)."

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[16] This statement alone makes erroneous Republic's contention that "calculated delay" is one of two alternative prerequisites (the other, "bad faith") in the Second Circuit for a Rule 38 penalty (Pet. 4). The opinion cited by petitioner for this, *Oscar Gruss & Son* v. *Lumbermens Mutual Casualty Co.,* 422 F.2d 1278 (1970), did indeed find calculated delay, but nowhere indicated that such a finding of delay was required.

The Court then criticizes the appellant for taking numerous meritless appeals, concluding (p. 326):

> "Rule 38 was designed to penalize litigants for just such tactics as these and to compensate those who have been put to the expense of answering such wholly frivolous appeals. *NLRB* v. *Smith & Wesson*, supra; . . . *Griffin Wellpoint Corp.* v. *Munro-Langstroth, Inc.*, 269 F.2d 64 (1st Cir., 1959)."[17]

In light of the Second Circuit's own reliance on current First Circuit authority for interpreting Rule 38, it is clear that the Second Circuit would just as likely have assessed Republic with damages for its conduct under that Rule as the First Circuit.

Republic's reliance on the earlier Second Circuit opinion, *State of West Virginia* v. *Chas. Pfizer & Co.*, 440 F.2d 1079, 1091-92 (1971), as setting forth a stricter test than that of the First Circuit is undercut, not only by the Second Circuit's later *Fluoro* opinion, supra, but also by the fact that in *State of West Virginia*, the act charged as making the appeal frivolous, namely, a delay to obtain an extra month's interest, had not been sufficiently proven. Furthermore, the "bad faith" language of *State of West Virginia* was used generally with reference to 28 U.S.C. §§1912, 1927 ("unreasonably and vexatiously"), and F.R.A.P. 38. When in *Fluoro* the Second Circuit zeroed in on F.R.A.P. 38, it found no conflict with but rather relied upon the First Circuit's analysis. Likewise, the Tenth Circuit opinion, *Carlock* v. *National Co-Operative Refinery Association*, 424 F.2d 148, 152 (1970), relied upon by Republic as indicating that "delay" was a requirement of F.R.A.P. 38 (Pet. 4), did not state that at all. It said that in each of appellants'

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[17] $4,500 in damages and $598.70 in costs were awarded appellee under Rule 38.

cited authorities for awarding damages delay had been found. The Court never suggested that with the proper case before it, it would not have awarded damages absent a showing of delay, consistent with the Second Circuit in *Fluoro* and the First Circuit here. Equally futile is Republic's attempt to conjure up any conflict with the Seventh Circuit by virtue of its opinion in *Clarion Corp.* v. *American Home Products Corp.*, 494 F.2d 860, 865-6 (1974), cert. den'd 419 U.S. 870, for there the Court not only found the same harm as that done here, namely, "a shameful waste of judicial manpower" and "the expense of answering such wholly frivolous appeals", but also it then cited with obvious approval both the First Circuit in *NLRB* v. *Smith & Wesson*, supra, and the Second Circuit in *Fluoro*, supra.

It is understandable why Republic did not cite F.R.A.P. 38 opinions in other circuits, for it would then have been even more obvious that the Rule has been properly and uniformly administered throughout the federal appellate system. *E.g., R. L. Renken* v. *Harvey Aluminum (Incorporated)*, 475 F.2d 766 (9 Cir. 1973) ("no merit"; awarding double costs); *United States* v. *Certain Land In Squares 532 and 570, Parcels 1 and 9*, 473 F.2d 94 (C.A.D.C. 1972) (not "even a faint hope of success on the legal merits"; awarding all costs); *Furbee* v. *Vantage Press, Inc.*, 464 F.2d 835, 837-8 (C.A.D.C. 1972) ("utterly without merit"; ". . . nothing in Appellant's argument on appeal which casts the remotest doubt on [Appellee's] cases"; awarding attorney's fees and costs); and *Eaton* v. *New Hanover County Board of Education*, 459 F.2d 684, 686 (4 Cir. 1972) (". . . the Board continued to urge its own inadequate proposal [in the face of the Board's admission that the HEW plan was the best plan for complete desegregation]"; awarding attorney's fees and costs).

III. REPUBLIC'S APPEAL WAS INDEED FRIVOLOUS

As pointed out, supra, pp. 2-4, the Court of Appeals had ample facts on which to conclude that the appeal before it was frivolous. First of all, Republic's good faith in defending this lawsuit in the District Court was questionable in view of the warnings of its own attorney, the Patent Office, and ECA's attorney. But Republic got its day in court, although the District Court's findings, all fully supported in the record, should have dispelled any illusions that there was any merit left to its case. A post-trial hearing afforded Republic an unavailing rehash of some of its previous contentions.[18] Further litigation at this point was simply a shameful waste of the First Circuit's time and of ECA's time and money. What the Second Circuit said in *Hanley* v. *Condrey*, 467 F.2d 697, 700 (1972), rings true here as well:

> "With the documented and undisputed facts before him, there is a real question as to whether this attorney should have brought the declaratory judgment action in the first place. In the light of Judge Levet's lucid opinion, any *appeal* was patently frivolous.
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> "This litigation should now be at an end."

As noted, the appeal was grounded on two legal authorities, the more notable of which was *Clayton Mark & Co.* v. *Westinghouse Electric Corp.*, 356 F.2d 943 (C.C.P.A. 1966), fully argued below in Defendant's Trial Brief and at the post-trial hearing. The District Court was unimpressed, ECA fully distinguished both cases at the trial argument and in its appeal brief,[19] and the First Circuit reiterated

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[18] See pp. 3-4, supra.

[19] See Brief for Plaintiff-Appellee, pp. 23-24, 26-27.

their irrelevance in denying Republic's petition for rehearing (Pet. A4):

> "Appellant was faced . . . with the substantial differences between the case at bar and the two cases upon which it principally relied, clearly pointed out in the language of the opinions* . . . . "
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> **Inter alia,* that plaintiffs' marks there were in broad, general use, and were non-fanciful."

Likewise, the sophisticated customer argument had no basis in fact, for the record undeniably established that Republic advertised to and promoted its FIRE-EYE products with the supposedly unsophisticated end users.[20]

The above conduct is unquestionably frivolous within the meaning of F.R.A.P. 38, and Republic's conduct in filing this Petition is equally frivolous.

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[20] See note 11, supra, and the First Circuit's opinion at Pet. A3 and denial of rehearing, Pet. A4. Republic's assertion that the Court of Appeals "equated petitioner's goods with a bar of soap" (Pet. 4, 7) is absurd, reflecting a distortion of what the Court said in footnote 2 of its main opinion (Pet. A3). The Court was obviously drawing an analogy to the case of another very well known mark, IVORY SOAP, in support of the well settled principle that use of a housemark does not necessarily prevent confusion, and indeed, may aggravate it, citing *A. T. Cross Co.* v. *Jonathan Bradley Pens, Inc.*, 470 F.2d 689, 692 (2 Cir. 1972). Petitioner's comment makes one wonder about its good faith before this Court.

CONCLUSION

For the foregoing reasons certiorari should be denied.[21]

Respectfully submitted,

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[21] It is also within the Court's discretion to award reasonable damages to respondent, should the Petition be denied. Supreme Court Rule 56(4).